



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

J. TYLER McCAULEY
AUDITOR-CONTROLLER

December 29, 2004

TO: Supervisor Gloria Molina, Chair
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley *JTM*
Auditor-Controller

SUBJECT: **MEASURE B SPECIAL TAX REVENUE FUND FOR TRAUMA CENTERS,
EMERGENCY MEDICAL SERVICES, AND BIOTERRORISM RESPONSE**

Section 8 of the Los Angeles County Board of Supervisors Measure B Resolution requires the County Auditor-Controller to file an annual statement of financial activity with the County Board of Supervisors no later than January 1st of each year. Accordingly, attached is the first annual Statement of Financial Activity for the Health Services Measure B Special Tax Fund for the period ending June 30, 2004. The statement includes the amount of funds collected and expended pursuant to Measure B.

Section 8 also requires a status of projects required or authorized to be funded pursuant to Sections 3, 6, and 7 of the Resolution. Accordingly, following the Statement of Financial Activity is a Status of Measure B Projects for Fiscal Year 2003-2004 as provided by the Department of Health Services.

If you have any questions related to the Statement of Financial Activity you may contact me or your staff may contact John Hartnett at (213) 974-8327. Questions related to the Status of Measure B Projects may be directed to Mark Corbet of the Department of Health Services at (213) 240-7875.

JTM:JN:JMH:rrr

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cc: David E. Janssen, Chief Administrative Officer
Violet Varona-Lukens, Executive Officer
Thomas L. Garthwaite, M.D., Director and Chief Medical Officer
Rick Auerbach, Assessor
Mark Saladino, Treasurer and Tax Collector

Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers, and Bioterrorism Response
Statement of Financial Activity
For Year Ended June 30, 2004

Fund Balance, July 1, 2003 \$ 0

Revenues:

Voter Approved Special Taxes	176,477,885
Interest	794,066

Total Beginning Balance and Revenues	177,271,951
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Expenditures:

Services and Supplies:

Non-County Trauma Hospitals

Cedars-Sinai Medical Center	1,361,272
Henry Mayo Newhall Hospital	427,597
Huntington Memorial Hospital	634,637
Long Beach Memorial Medical	1,322,619
Northridge Hospital	680,932
Providence Holy Cross	1,418,817
St. Francis Medical Center	1,710,365
St. Mary Medical Center	331,115
U.C.L.A. Medical Center	122,385

Total Non-County Trauma Hospitals	\$ 8,009,739	
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Trauma Access Increase

Helicopter - Fire Department	2,000,000
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Administrative Costs:

Assessors Services	\$ 450,384
Auditor-Controller Services	519,220

Total Administrative Costs	969,604	
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Total Services and Supplies	\$ 10,979,343	
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Other Financing Uses:

County Hospitals

LAC+USC Medical Center	\$ 86,567,171
Harbor/UCLA Medical Center	27,533,821
King/Drew Medical Center	18,547,262
Olive View Medical Center	7,351,746

Total County Hospitals	\$ 140,000,000
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Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers, and Bioterrorism Response
Statement of Financial Activity
For Year Ended June 30, 2004

Public Health - Bioterrorism			
Salaries & Employee Expenses	\$	345,963	
Equipment/Office Supplies		36,846	
Travel/Mileage		881	
Total Public Health		<u>383,690</u>	
Total Other Financing Uses			140,383,690
Contractual Obligations			10,590,261
Total Expenditures and Contractual Obligations			<u>\$ 161,953,294</u>
Total Fund Balance Available, June 30, 2004			<u><u>\$ 15,318,657</u></u>

Prepared By:
Los Angeles County
Department of the Auditor-Controller
Accounting Division
RRR 12/09/04

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Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers, and Bioterrorism Response
Status of Measure B Projects
Fiscal Year 2003-2004

COUNTYWIDE SYSTEM OF TRAUMA CENTERS: \$140.0 million allocated to County hospitals; \$18.6 million allocated to non-County hospitals

County Hospitals

A total of \$140.0 million was allocated from Measure B revenues for trauma and emergency care services provided by the four county hospitals to eligible indigent patients, as follows:

LAC-USC Medical Center	\$ 68.0 million
Harbor/UCLA Medical Center	29.5 million
Martin Luther King/Drew Medical Center	21.6 million
Olive View/UCLA Medical Center	<u>20.9 million</u>
Total	<u>\$140.0 million</u>

This allocation represents approximately one-half of the estimated \$280.0 million in unreimbursed emergency room costs incurred by the County facilities (based on uninsured emergency room census and patient care data for FY 2000-01).

Status: Subsequent to approval of the budget allocation, estimated unreimbursed emergency room costs for FY 2001-02 became available. Therefore, the FY 2003-04 funds were distributed to the four county hospitals based on the more current data, as follows:

LAC-USC Medical Center	\$ 86.6 million
Harbor/UCLA Medical Center	27.5 million
Martin Luther King/Drew Medical Center	18.5 million
Olive View/UCLA Medical Center	<u>7.4 million</u>
Total	<u>\$140.0 million</u>

Non-County Hospitals

A total of \$18.6 million was allocated from Measure B revenues for trauma care services provided by non-county hospitals to eligible indigent patients. This allocation is broken-down further as follows:

Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers, and Bioterrorism Response
Status of Measure B Projects
Fiscal Year 2003-2004

Claim-Based Payments	-	\$ 9.5 million
Lump-Sum Patient Care Payments	-	6.5 million
Lump-Sum Base Station Payments	-	<u>2.6 million</u>
Total		<u>\$18.6 million</u>

The status of these projects is as follows:

Claim-Based Payments – A total of \$9.5 million was allocated to pay patient care claims for uninsured patients submitted by ten designated non-county trauma hospitals on a first-submitted, first-paid basis using a per diem schedule of rates per the County's contract with these trauma hospitals.

Status: At the close of Fiscal Year 2003-04, \$8.0 million in claims had been paid to the designated non-county trauma hospitals and \$1.5 million was encumbered to pay FY 2003-04 claims still in process. As of December 29, 2004, an additional \$1.4 million in payments for FY 2003-04 claims had been made. Based on the amount of claims still pending processing, it is anticipated that all of the remaining \$0.1 million in encumbered funds will be fully expended. The unexpended balance (\$0.1 million) remains in the Measure B Fund encumbered as a contractual obligation.

Lump-Sum Patient Care Payments – A total of \$6.5 million in lump-sum, hospital specific payments was allocated to the non-County hospitals. These payments may occur either directly to the hospital or, pending approval of a State Plan Amendment (SPA), as an intergovernmental transfer to form the State match to draw-down additional Medi-Cal funds to help ensure continued access by Medi-Cal recipients to trauma and emergency room care within the County. If the federal matching funds are obtained, the nine private trauma hospitals (excluding UCLA Medical Center ⁽¹⁾) will receive an additional \$6.2 million in Medi-Cal funds, bringing the total of these payments to \$12.7 million.

Status: A Medi-Cal SPA that would provide federal matching funds, retroactively to July 1, 2003, is currently under consideration by the federal Centers for Medicare and Medicaid Services. Upon approval of the SPA, the State will negotiate separate agreements directly with each of the nine private trauma hospitals to effect the lump-sum payments. At the close of

**Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers, and Bioterrorism Response
Status of Measure B Projects
Fiscal Year 2003-2004**

the fiscal year, the unexpended funds (\$6.5 million) remained in the Measure B Fund encumbered as a contractual obligation.

Lump-Sum Base Station Payments - A total of \$2.6 million in lump-sum, hospital specific payments was allocated to non-County hospitals for providing base station hospital services. However, based on the terms of the Trauma Services Agreement with the non-County trauma hospitals, a maximum of only \$2.4 million in Measure B funds will be needed for this purpose. The remaining \$0.2 million will remain in the Measure B Fund. UCLA Medical Center will be paid a lump-sum of \$0.3 million in Measure B funds for this purpose ⁽¹⁾. Lump-sum payments totaling \$2.1 million will be made directly to the nine private trauma hospitals unless the Medi-Cal SPA is approved. If the SPA is approved, \$1.1 million in Measure B funds will be used as an intergovernmental transfer for the nine private trauma hospitals and the \$1.0 million in Measure B funds replaced by the matching funds will remain in the Measure B Fund.

Status: A Medi-Cal SPA that would provide federal matching funds, retroactively to July 1, 2003, is currently under consideration by the federal Centers for Medicare and Medicaid Services. Upon approval of the SPA, the State will negotiate separate agreements directly with each of the nine private trauma hospitals to effect the lump-sum payments. At the close of the fiscal year, the unexpended funds (\$2.6 million) remained in the Measure B Fund encumbered as a contractual obligation.

TRAUMA ACCESS EXPANSION TO UNDERSERVED AREAS: \$4.4 million allocated

A total of \$4.4 million was allocated from Measure B revenues to expand access to trauma services for patients in underserved areas (East San Gabriel Valley, Antelope Valley and the Malibu area) and ensure the infrastructure for trauma transports is maintained. This allocation is broken-down as follows:

Helicopter Lease/Purchase	-	\$2.0 million
Aircraft Transport Capabilities	-	<u>2.4 million</u>
Total		<u>\$4.4 million</u>

In future years, some or all of the funds may be used to supplement a hospital(s) in these underserved areas that wishes to join the Countywide System of Trauma Centers.

**Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers, and Bioterrorism Response
Status of Measure B Projects
Fiscal Year 2003-2004**

The status of these projects is as follows:

Helicopter Lease/Purchase – A total of \$2.0 million was allocated to fund the Los Angeles County Fire Department's helicopter lease/purchase costs relating to the expansion of air ambulance services in the Antelope Valley to a 24-hour/7-day per week level.

Status: An interdepartmental transfer of \$2.0 million was made to the Los Angeles County Fire Department for this purpose.

Aircraft Transport Capabilities – A total of \$2.4 million was allocated to provide additional funding to the Los Angeles County and City Fire Departments, and the Los Angeles County Sheriff's Department for provision of expanded paramedic and air transport services to trauma center criteria patients in the underserved areas.

Status: Following extensive discussions among the County Department of Health Services Emergency Medical Services Agency, Chief Administrative Office (CAO), County and City Fire Departments and County Sheriff's Department, the Board of Supervisors approved on June 21, 2004, the CAO's recommended distribution of the \$2.4 million in Measure B funds for FY 2004-05. Because this action occurred very late in FY 2003-04, the CAO's recommendation did not include distribution of the \$2.4 million in Measure B funds for FY 2003-04. These funds, therefore, were not encumbered nor expended, and remained in the Measure B Fund.

BIOTERRORISM RESPONSE: \$6.0 million allocated

In Fiscal Year 2003-2004, \$6.0 million was allocated to support Public Health programs for bioterrorism preparedness activities to address the medical needs of persons exposed to bioterrorist or chemical attack.

Status: Actual expenditures were only \$0.4 million due primarily to start-up delays in hiring staff and discontinuation of a \$1.7 million capital project related to the County's epidemic isolation capacity. The unexpended balance (\$5.6 million) remained in the Measure B Fund.

**Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers, and Bioterrorism Response
Status of Measure B Projects
Fiscal Year 2003-2004**

ADMINISTRATIVE COSTS: \$1.0 million allocated

A total of \$1.0 million in costs was allocated to cover the administrative costs associated with implementation of the Measure B Special Tax.

Status: A total of \$969,604 was distributed to the Auditor-Controller (\$519,220) and Assessor (\$450,384) to reimburse costs incurred by those Departments in providing the administrative services necessary to implement Measure B. The unexpended balance (\$30,396) remained in the Measure B Fund.

⁽¹⁾ UCLA Medical Center is not eligible to receive matching funds since it is a public entity eligible to receive reimbursement for certain uncompensated emergency room costs for Medi-Cal recipients under AB 915.

Prepared By:
Los Angeles County
Department of Health Services
Fiscal Services
SG 12/29/04

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